

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6125

BILL NUMBER: HB 1415

NOTE PREPARED: Nov 8, 2002

BILL AMENDED:

SUBJECT: Preschool Registration.

FIRST AUTHOR: Rep. Budak

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill amends the definition of "preschool". The bill revises the licensure exemption for preschools. The bill also requires a preschool to register with the Division of Family and Children. (The introduced version of this bill was prepared by the Board for the Coordination of Child Care Regulation.)

Effective Date: July 1, 2003.

Summary of Net State Impact: The estimated cost of this bill is between \$220,000 and \$350,000 the first year and between \$72,000 and \$115,000 each succeeding year. This bill also has a fee component that is estimated to generate between \$29,000 and \$46,000.

Explanation of State Expenditures: This bill removes the preschool exemption and requires preschools to register with FSSA. The per unit costs presented are estimates based upon data provided by the Family and Social Services Administration (FSSA). The cost estimate is based upon estimated costs of regulating registered child care ministries. The bill requires only one registration status update per year, versus the four required under the current registered ministry regulations (see Table 1 for comparison of unit costs).

Table 1 - Per Unit Regulation Cost.

Regulation Style	First Year Cost	Second Year Cost
Preschool*	\$380	\$125

* The Preschool proposal includes only one registration status update per year as opposed to the four required by registered ministry regulations. Each status update costs \$125. It is important to note that these estimates do not include general administrative or overhead costs.

Table 2 contains estimated annual costs associated with regulating preschools in Indiana modeled upon the registered ministry regulations. It is estimated that the cost of registering preschools will vary from \$220,000 to \$350,000 per year for the first year. The program cost decreases in the second year to between \$72,000 and \$115,000 due to reduced Division of Family and Children staff expenses. It is important to note that the costs for the first year may be lower due to the time required to locate and register all current preschools in Indiana.

Estimation of costs is hampered due to the fact that the number of preschools in Indiana is unknown. However, some data exists due to the fact that some counties require licensure of preschools. Marion County currently has 82 licensed preschools. The low cost estimate is based upon a calculation of preschools per population using Marion County data as the baseline - estimated 579 preschools total. The high estimate uses 10 preschools per county as the population of preschools in the state - 920 preschools total. Actual costs may be higher or lower than this estimate based upon the actual number of preschools and staff time required.

Table 2 - Estimated Annual Preschool Regulation Cost Based Upon Registered Ministry Model.

Regulation Model	1 st Yr - Low	1 st Yr - High	2 nd Yr - Low	2 nd Yr - High
Proposed Preschool regs	\$220,020	\$349,600	\$72,375	\$115,000

Note: Additional costs such as general administration and overhead may apply.

There may be additional costs incurred by the State Fire Marshal's Office. The bill contains a provision that the State Fire Marshal may annually inspect a registered preschool. The cost of this provision is unknown due to the voluntary condition. The Fire Marshal's Office currently has a federal grant for inspecting child care facilities, and the continued funding of the program is uncertain. The Fire Marshal's Office states that a number of factors influence the cost of the inspection program. These factors include, the number of preschools, type of buildings, and how long the preschool has been in operation in the same building. All of these factors have an effect on the amount of time required to conduct an inspection. The cost of this requirement cannot be estimated at this time.

Explanation of State Revenues: This proposal includes a provision for fee collection. The FSSA and State Fire Marshal shall charge a preschool a \$25 fee for processing a registration. It is estimated that the state would collect between \$29,000 and \$46,000 in fees for registering preschools (see Table 3). Total fee collection will vary depending upon implementation of this proposed fee and the actual number of preschools that seek registration. This fee is collected when preschools register, it is not clear at this time as to how frequently preschools will need to register.

Fees collected by FSSA are to be deposited in the Child Care Fund. Fees collected by the State Fire Marshal would be deposited in the Fire and Building Services Fund.

Table 3 - Estimated Fee Collection Based Upon \$25 fee.

Collecting Agency	Low Estimate	High Estimate
FSSA	\$14,475	\$23,000
State Fire Marshal	\$14,475	\$23,000

Note: Low Estimate based upon 579 preschools, high estimate based upon 920 preschools

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, State Fire Marshal.

Local Agencies Affected:

Information Sources: Susan Kilty, Legislative Liaison, Division of Families and Children, FSSA, 232-4451; Mara Snyder, Staff Attorney/Special Projects Manager, State Fire Marshal's Office, 233-5341; Joe Kitterman, Marion County Health Department, (317) 221-2276.

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